

Exhibit No. 5Date 4/4/2011Bill No. HB 183

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AMERICAN LEGISLATIVE EXCHANGE COUNCIL

## **Prepared Statement on House Bill 183**

**of**

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American Legislative Exchange Council**

**submitted to the**

**Montana House Human Services Committee**

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## **Introduction**

My name is Christie Herrera and I am the director of the Health and Human Services Task Force at the American Legislative Exchange Council, or "ALEC." ALEC is the nation's largest nonpartisan individual membership association of state legislators, with 2,000 state legislator members from all 50 states and more than 100 members of Congress. Since 2005, 38 states have enacted model legislation drafted by ALEC's Health and Human Services Task Force.

## **ALEC Commends House Bill 183**

House Bill 183—which is modeled after ALEC's *Affordable Health Insurance Act* now enacted in Georgia—gives tax breaks to individuals, employers, and insurers who buy or sell affordable, high-deductible health plans (HDHPs) compatible with Health Savings Accounts (HSAs).

## **House Bill 183 Will Help Businesses and Individuals Gain Meaningful Coverage with HSAs**

Health Savings Accounts (HSAs) are becoming an important tool to cover the uninsured. Since its inception in 2003, ten million Americans own an HSA—which is a tax-free medical savings account coupled with a high-deductible health policy. Nearly 50,000 Montanans, or about one in 12 of those with private insurance, own an HSA.<sup>1</sup>

Critics of HSAs claim that this consumer-driven insurance tool is primarily for the young and healthy. However, nearly half of HSA owners are over the age of 40, and one in four HSA owners is aged 50 or older.<sup>2</sup> A large health insurance broker reports that, of its customers, 41 percent of HSA owners were previously uninsured, and nearly half of HSA plan purchasers have incomes of \$50,000 or less.<sup>3</sup> And roughly the same percentage of individuals with HSA coverage consider themselves to be in "fair/poor health" as those with non-HSA coverage—meaning that patients with chronic illnesses are also choosing high-deductible plans.<sup>4</sup> In fact, the BlueCross BlueShield Association reports that HSA owners are offered more wellness incentives, are more likely to use preventive care, and typically do not forgo needed care because of costs.<sup>5</sup>

House Bill 183 would open the door to a new generation of health insurance that empowers individuals with choices and options for access to care. What's more, HSA-eligible plans typically cost 25-40% less than traditional health insurance. At a time when many Americans are dropping health insurance due to high costs, House Bill 183 would help both businesses and individuals gain access to meaningful coverage.

## **Conclusion**

ALEC applauds House Bill 183 because Health Savings Accounts are an effective way for individuals and businesses to gain meaningful, affordable health coverage. We look forward to working with the Montana Legislature in the weeks ahead to develop this proposal. I would be pleased to answer any questions you might have at 202-742-8505 or [christie@alec.org](mailto:christie@alec.org).

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<sup>1</sup> AHIP Center for Policy and Research, *January 2010 Census Shows 10 Million People Covered by HSA/High-Deductible Health Plans*, May 2010.

<sup>2</sup> Ibid.

<sup>3</sup> Ehealthinsurance.com, *Health Savings Accounts: January 2005-December 2005*, May 10, 2006.

<sup>4</sup> America's Health Insurance Plans, *HSAs and Account-Based Plans: An Overview of Preliminary Research*, June 2006.

<sup>5</sup> BlueCross BlueShield Association, "Health Plan Initiatives, Trends and Research in Consumer-Driven Care," National Consumer Driven Health Summit, October 20, 2008.